

AB 2209

Local Government Pension Funds

Sponsor: City of Monterey Park

THE PROBLEM

In 1985, the Legislature capped local extraordinary property tax rates for payment of voter-approved pension programs at their 1982-83 or 1983-84 levels. Without the ability to increase their extraordinary property tax rates, local agencies are forced to drain their general funds to provide the difference in pension programs as inflation and cost of living increase.

THE BILL

This legislation allows local agencies to impose a higher property tax rate to continue making payments in support of pension programs approved by the voters before July 1, 1978.

BACKGROUND

Proposition 13 limited the property tax rate to 1%, except for indebtedness approved by the voters before July 1, 1978. In its 1982 Carman v. Alvard decision, the California Supreme Court declared that pre-1978 voter-approved pension programs constitute an indebtedness that local officials could finance with a property tax rate outside the 1% limit. In 1985, the Legislature responded with AB 13, which capped local extraordinary property tax rates at their 1982-83 or 1983-84 levels.

Currently, the 26 local agencies in the state that levy an extraordinary tax to fund pension plans and may find relief in this bill are:

| | | | |
|-----------------------|------------------|---------------|--------------|
| County of Santa Clara | El Monte | Maywood | Richmond |
| Albany | Eureka | Monrovia | San Anselmo |
| Bell | Fairfax | Montebello | San Fernando |
| Beverly Hills | Glendora | Monterey Park | San Gabriel |
| Cloverdale | Huntington Beach | Oakland | Watsonville |
| Coalinga | Huntington Park | Oxnard | |
| Compton | Lynwood | Rialto | |

If you support this legislation please send letters to:

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